



Department of Justice

FOR IMMEDIATE RELEASE
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JUSTICE DEPARTMENT APPROVES PETROLEUM EXPLORATION AND PRODUCTION JOINT RESEARCH AND DEVELOPMENT PROPOSAL

**Amoco, Arco, Exxon, Mobil, Shell, Texaco, Texas A&M
University, Initial Members of Cooperative**

WASHINGTON, D.C. -- The Department of Justice approved today a proposal by six major oil companies and a Texas university to form the Petroleum E&P Cooperative--a joint venture that would engage in research and development relating to oil exploration and production.

The Department's Antitrust Division said that the cooperative agreement did not appear to be designed to restrict price, output or research competition amongst its members, and that the joint venture may even have the procompetitive effect of promoting innovation.

The initial members of the cooperative are Amoco, Arco, Exxon, Mobil, Shell, Texaco and Texas A&M University. Membership will be open to any oil

exploration and production firm, other than oil field service firms.

Joel I. Klein, Acting Assistant Attorney General in charge of the Department's Antitrust Division stated that the formation of the joint venture in the manner proposed "would not create any risks to competition."

Klein also said that "to the extent that the cooperative in fact engages in research efforts that would not be undertaken by individual firms, the joint venture may have the procompetitive effect of promoting innovation."

Under the proposal, individual oil services firms will participate in specific research projects of the cooperative. A unit of Texas A&M University will develop the cooperative's annual research plan, coordinate its implementation, furnish support staff for the research undertaken, and inform the federal antitrust authorities, under the National Cooperative Research and Development Act, of the cooperative's specific research projects and any changes in its membership.

All members will retain the right to engage in independent research and to retain any intellectual

property rights derived from such independent research. Members will continue to engage in independent research that far exceeds the scope of the cooperative, whose initial annual budget is expected to be less than \$5 million.

According to the applicants, in 1996 there were at least 61 entities pursuing petroleum exploration and production research, with total research budgets in excess of \$1 billion.

The Department's position was stated in a business review letter from Klein to counsel for the group.

Under the Department's Business Review Procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., Department of Justice, Washington, D.C. 20004. After a 30-day

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period, the documents supporting the business review will be added to the file.

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